

Lansdowne

oil & gas plc

Annual Report and Financial Statements



2022

Lansdowne Oil & Gas Plc

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Chairman's Statement

Introduction

Lansdowne exited 2022 having spent the year pursuing the award of a Lease Undertaking for the Barryroe oil and gas field.

Having discovered hydrocarbons on the Barryroe Licence in 2012 the Company has continued to move towards development of the discovery. The Company and its partner duly submitted an application for a Lease Undertaking in April 2021.

In 2019, eight years since Lansdowne acquired the Standard Exploration Licence 1/11 (the licence upon which the Barryroe field was discovered), the Department of the Environment, Climate and Communications ("DECC") introduced new Financial Capability Guidelines. These Financial Capabilities Guidelines are much more onerous than those in place when Lansdowne acquired the licence and discovered the Barryroe field and are considerably different from those in extractive industries elsewhere.

Without evidence that Lansdowne and its joint-venture partner has approval to proceed with the drilling of an appraisal well on Barryroe, in the form of the Lease Undertaking, it is extremely difficult to raise the full capital required to drill the well. The Barryroe joint venture partners have repeatedly attempted to correspond with DECC since the submission of the Lease Undertaking Application in April 2021. Responses from DECC have taken many months and repeated requests for meetings have been denied.

In October 2022 DECC provided a report of financial capability to the Barryroe joint-venture partners indicating that the arrangements put forward did not meet the financial capability requirements and providing an opportunity for the Barryroe partners to provide additional information. Both partners sought to respond to the concerns outlined under the new and revised financial capability guidelines in November 2022.

At year end 2022 this application continued to remain under consideration by DECC.

Barryroe Offshore, as operator of the Joint Venture commenced planning for drilling in 2024, in the expectation that a Lease Undertaking would be granted and went out to the market enquiring about rig availability in early May 2023.

However, on 19 May 2023, Barryroe Offshore Energy received a letter from the Irish DECC advising that Eamon Ryan, Minister for the DECC (the "Minister") was unwilling to grant the Lease Undertaking, as sought, on grounds of financial capability. DECC also confirmed in the letter that the application was satisfactory from a technical perspective.

Financial Results

The Group recorded an after tax loss of £0.4 million for the year ended 31 December 2022 compared to a loss of £0.1 million for the year ended 31 December 2021.

Group operating expenses for the year were £0.2 million, compared to £0.1 million in 2021. Net finance expense for the year was £146,000 (2021: £49,000).

Cash balances of £0.01 million (2021: £0.2 million) were held at the end of the financial year.

The spend incurred on the Barryroe Licence area for the year totaled £211,000 (2021: £435,000).

Total equity attributable to the ordinary shareholders of the Group was £14.8 million as at 31 December 2022 (£14.7 million as at 31 December 2021).

In March 2022, the Company placed 60,000,000 new ordinary shares with new and existing investors at a placing price of 0.5 pence per share, raising £300,000 before costs.

Associated with the fund raise, 1,821,826 warrants were granted to LC Capital Targeted Opportunities Fund, LP in accordance with the provisions of LCCTOC's warrant instrument, the terms of which were announced previously on 31 December 2021. LC now holds 27,821,826 warrants over ordinary shares and the strike price for these warrants has been amended to 0.5 pence per share from 0.525 pence per share pursuant to the LC warrant instrument.

The Company on 30 December 2022 announced that it had entered into an agreement with LC Capital Master Fund ("LCCMF") to extend the payment date of its outstanding loan of £1.08 million (the "Loan") which was due for repayment on 31 December 2022. The repayment date on the loan has been extended to 31 December 2023.

Post year end, in January 2023, the Company placed 60,000,000 new ordinary shares of 0.1 pence each in the Company ("ordinary shares") with new and existing investors at a placing price of 0.5 pence per share, raising £300,000 before costs.

In association with the Placing, 3,000,000 Broker Warrants were granted to the broker Tavira Financial Limited, with an exercise price of 0.5p per ordinary share. The Broker Warrants are exercisable up until the third anniversary of Admission.

In connection with the Placing, the Company also granted a total of 60,000,000 warrants ("**Investor Warrants**") to placees participating in the Placing, on a one Investor Warrant per new ordinary share basis, to subscribe for new ordinary shares in the Company at a price of 1.0 pence per share. The Investor Warrants will be exercisable until the second anniversary of Admission. In the event all of the Investor Warrants are exercised before their expiry, the Company would receive a further £0.60 million in cash.

Separately, 1,788,000 warrants have been granted to LC Capital Targeted Opportunities Fund, LP ("**LC**") in accordance with the provisions of LC's warrant instrument, the terms of which have been previously announced on 31 December 2021. LC now holds 29,609,826 warrants over ordinary shares at a strike price of 0.5 pence per share. In addition, in the event that the Investor Warrants and Broker Warrants are exercised in full prior to the maturity date of the LC warrants, LC will be granted up to an additional 1,877,400 warrants over ordinary shares in accordance with the provisions of LC's warrant instrument.

Outlook

As reported by the Sustainable Energy Authority of Ireland, in 2022:

"Oil (48.2%) and Gas (31.1%) remain the largest sources of Ireland's energy, together accounting for just under four-fifths of our national energy requirement. In 2022, 86.4% of Ireland's energy was derived from fossil fuels, almost unchanged from their 2021 energy share of 86.1%.

Ireland's dependence on energy imports continued to increase in 2022. We imported 83.4% of our energy requirement, up from 80.5% in 2021, and 69.0% in 2018. Ireland's import dependency is relatively high (the EU average was 57.5% in 2020), because we import all our oil and coal products, and an increasing proportion of our gas, as production from the Corrib gas-field declines. In 2022, 73.9% of Ireland's gas was imported, up from 71.3% in 2021, and 38.6% in 2018.

Ireland will continue to require oil and gas in its energy mix for decades to come.

It has been commented on many times that indigenous production of oil and gas delivers greatly lower carbon emissions than imported hydrocarbons.

As has been demonstrated on many occasions, Barryroe contains significant quantities of oil and gas with the potential to deliver much needed energy security for Ireland, lower carbon emissions compared to imports and great value for all stakeholders.

Lansdowne has invested c. \$20 million in the Barryroe project to date and the results of the Competent Person Report carried out by RPS ("RPS CPR") announced in February 2022, addressing simply the first phase of a Barryroe development and solely the Basal Wealden Oil reservoir, concluded that the P50 volumes were estimated at 81.2 million barrels of oil recoverable gross (16.24 million barrels net to Lansdowne) from a Best Estimate of 278 million barrels of oil in place (STOIIP).

An economic evaluation, documented in the RPS CPR, covering the Phase 1 development and in the 2C oil resources case, delivers an NPV10% for Lansdowne's 20% share of \$104 million under a Brent Oil Price assumption of US\$68 per barrel in 2027, rising to \$70/barrel (bbl) in 2028 and 2029 and inflated at 2% per annum thereafter.

As stated before, the RPS CPR has only addressed the oil in the Basal Wealden A Sand, which allows it to be correlated to the earlier work carried out by Netherland Sewell and Associates Inc. ("NSAI").

Gas was proven in the Basal Wealden C Sand reservoir in the 48/24-10z well that overlays the oil reservoir and this has previously been estimated to hold a potential gas resource of c 400 billion cubic feet (BCF) Gas Initially in Place (GIIP). Lansdowne believes this significant gas resource could make a vitally important contribution to Ireland's energy mix as it transitions to a zero net carbon economy and it is anticipated that any future phased development programme will include consideration of this important gas resource.

The decision by the Minister not to grant the Lease Undertaking is disappointing not only for the Company, but also other stakeholders, including Ireland, which continues to import significant amounts of oil & gas, something the development of Barryroe could help to address.

Given the lack of progress on the Lease Undertaking, Lansdowne had already commenced discussions with external legal advisors on the potential to pursue legal proceedings to protect its investment in Barryroe, prior to receipt of the letter from DECC.

The Company has now advanced the engagement with external legal counsel and has continued to pursue the steps required to move towards arbitration to protect its investment in the Barryroe Project. The Company believes there is clear evidence of the DECC and the Minister failing to act in a fair and equitable manner with the Barryroe Partners consistent with its obligations under Irish law and also international law. Given Lansdowne is a UK domiciled Company it will be pursuing its claim in international arbitration pursuant to the investment protection regime established under the Energy Charter Treaty to which both Ireland and the United Kingdom are signatories.

Lansdowne's legal advisors, Ashurst LLP, have initiated arbitration proceedings under the Energy Charter Treaty by submitting a letter giving notice pursuant to Article 26 (2) (c) of the ECT requiring Ireland to participate in discussions with a view to settling the dispute.

Further updates will be made with respect to the legal process as appropriate, along with more information on the claims sought by Lansdowne in this matter.

Our partner, and Operator of the Barryroe Joint Venture, Barryroe Offshore Energy plc. ("BEY"), announced on 19 June 2023 that its shares would be suspended from trading and that it would arrange an Extraordinary General Meeting in July 2023 to seek shareholder approval to appoint a Liquidator to the Company through a Creditors Voluntary Liquidation. In the meantime, discussions will continue with BEY's major shareholders to secure renewed funding.

Unlike Lansdowne, BEY being an Irish company, does not have investor protection under the Energy Charter Treaty ("ECT") and so would only have recourse to compensation through the Irish Courts, rather than through the International Arbitration open to Lansdowne.

Your company continues to seek to create value for shareholders, whilst facing a number of headwinds. We had hoped to achieve this through the appraisal and development of the Barryroe oil and gas field to the benefit of all stakeholders, but now must turn to the litigation pathway to seek compensation.

Jeffrey Auld
Chairman
30 June 2023

Oil and Gas Interests

The Group has interests in the following Licences, both of which are in Irish waters:

Licence	Interest	Operator
01/11 Barryroe Exploration Licence *	20 per cent	Exola (Subsidiary of Providence Resources Plc)
2/07 Helvick Exploration Licence	9 per cent	Providence Resources Plc

* An application has been submitted for a Lease Undertaking

On 19 May 2023, Barryroe Offshore Energy received a letter from the Irish Department of the Environment, Climate and Communications (“DECC”) advising that Eamon Ryan, Minister for the Environment, Climate and Communications (the “Minister”) was unwilling to grant the Lease Undertaking, as sought, on grounds of financial capability. DECC also confirmed in the letter that the application was satisfactory from a technical perspective.

Notes

Irish Licensing regime

Licensing Option	Gives the holder an exclusive right to apply for an Exploration Licence: <ul style="list-style-type: none">a. for a defined periodb. in return for undertaking an agreed work programme.
Exploration Licence	A "Standard" licence covers an agreed work programme in water less than 200 metres deep. The work programme usually includes an exploration well. The licence period is six years.
Lease Undertaking	Gives the holder an exclusive right to apply for a Petroleum Lease: <ul style="list-style-type: none">a. for a defined periodb. in return for undertaking an agreed work programme.

Strategic Report

for the year ended 31 December 2022

This Strategic Report has been prepared to inform shareholders and help them to assess how the Directors have performed their duty to promote the success of Lansdowne Oil & Gas plc ("the Company") and its subsidiaries (together "the Group").

Principal activities

The Group is an upstream oil and gas group, focused on exploration and appraisal opportunities for oil and gas reserves offshore Ireland. The Group has targeted the Irish offshore shelf areas for exploration, as these provide shallow water prospects (generally less than 100 metres), and relatively low drilling costs. These factors, combined with favourable fiscal terms, have the potential to deliver high value oil and gas reserves.

Review of business

Details of the Group's activities during the year and its position at the end of the year are given in the Chairman's Statement.

The Group and Company Statements of Financial Position as at 31 December 2022 and 31 December 2021 are shown on pages 25 and 26, respectively. Group net assets at 31 December 2022 were £14.8 million (2021: £14.7 million). At 31 December 2022, the Group held £0.01 million (2021: £0.2 million) as cash or short-term deposits.

The Group had intangible assets totalling £16.3 million (2021: £16 million) at the reporting date. These assets relate to the Group's exploration licences in the Celtic Sea and their associated work programmes.

During the year, the Group had one full-time Executive Director, with administration and technical support provided by Evelyn Partners under a service agreement. These costs, together with the costs associated with the Company's listed status and general overheads, account for the administrative expenses of £0.2 million (2021: £0.1 million).

A loss after tax of £0.4 million (2021: £0.1 million) was recorded in the year and the basic and diluted loss per share for the year was 0.04p (2021: 0.02p).

Key performance indicators

The Group is not yet producing oil and gas and so has no income. Consequently, the Group is not expected to report profits until it disposes of or is able to profitably develop or otherwise turn to account its exploration projects. The Board monitors the activities and performance of the Group on a regular basis and uses both financial and non-financial indicators to assess the Group's performance.

Principal risks and uncertainties

The principal risk facing the Group is success in receiving compensation through legal proceedings for its investment in the Barryroe oil and gas project.

The value of compensation being sought is linked to the pricing of both oil and gas.

There has been great fluctuation in oil and gas prices in recent years, with the Covid 19 Pandemic suppressing demand in 2020, leading to the oil price collapsing to below \$30/bbl and the UK NBP gas price falling to around 15p/therm.

Prices recovered later in 2020 and this continued through 2021 to reach pre-Covid levels of c. \$70/bbl and gas prices rose even more sharply to move above 100p/therm UK National Balancing Point (NBP) in August 2021.

Following Russia's invasion of Ukraine in February 2022, there was a further rapid increase in both oil and gas prices. This has been followed by a gradual decline, more prominent in oil than gas.

The Brent Oil Price is currently c.\$75/bbl and the forward curve remains above \$62/bbl through to the end of 2030.

Strategic Report (continued)

for the year ended 31 December 2022

The UK NBP gas price currently sits at c.90p/therm. The forward curve expects prices to drop below 100p/therm by 2028 and then to c.80p/therm from 2029 onward.

Previous Independent Competent Persons Reports have demonstrated that the Barryroe project delivers robust returns at these current oil and gas price levels, which will support Lansdowne's claim for compensation.

As a participant in the upstream oil & gas industry, the Group is exposed to a wide range of risks in the conduct of its operations.

These risks include:

Financial risks:

- Ability to raise finance to pursue litigation
- Cost inflation
- Oil and gas price movements
- Adverse taxation legislative changes
- Third party counterparty credit risk
- Adverse foreign exchange movements
- Changes in government policy

Operational risks:

- Loss of key employees
- Delay and cost overrun on projects, including weather related delay
- HSE incidents
- Poor reservoir performance
- Exploration and appraisal well failures

Strategic and external risks:

- Failure of third party services
- Deterioration of capital markets, inhibiting efficient equity and/or debt raising for developments
- Commercial misalignment with co-venturers
- Material fall in oil or gas prices

Market risks:

The Group is exposed to a variety of risks, including the effects of changes in interest rates and foreign currency exchange rates. These are discussed in Note 11. In the normal course of business, the Group also faces certain other non-financial or nonquantifiable risks. To the extent that the Group's oil and gas assets can be successfully developed, the Group's assets, revenues and cash flows may become dominated by Dollar or Euro-based oil and gas operations. Accordingly, the Sterling/Dollar and Sterling/ Euro exchange rates are important to the Sterling prices of the Shares traded on the AIM market of the London Stock Exchange.

The tables below sets forth, for the periods and dates indicated, the exchange rate for the Dollar against Sterling and for the Euro against Sterling.

Strategic Report (continued)
for the year ended 31 December 2022

Dollar/Sterling Exchange Rates (Dollar per Pound Sterling)

	At end of year	Average rate *	High	Low
2021	1.35	1.38	1.42	1.32
2022	1.20	1.23	1.37	1.06

Euro/Sterling Exchange Rates (Euro per Pound Sterling)

	At end of year	Average rate *	High	Low
2021	1.19	1.17	1.19	1.10
2022	1.13	1.17	1.21	1.11

* The average rates are calculated based on the last business day of each full month during the relevant year.

Details of how the Group manages interest rate and foreign currency exchange risks are set out in Note 11.

There is no assurance that the Group's exploration and development activities will be successful. The Group's activities may also be curtailed, delayed or cancelled not only as a result of adverse weather conditions but also as a result of shortage or delays in the delivery of drilling rigs and other equipment which, at times, are in short supply.

The Group competes with other Exploration & Petroleum companies, some of whom have much greater financial resources than the Group, for the identification and acquisition of oil and gas licences and properties and also for the recruitment and retention of skilled personnel.

The market price of hydrocarbon products is volatile and is not within the control of the Group. If significant declines occur in the price of oil or gas, or detrimental changes occur to the Irish fiscal regime, the economic commerciality of the Group's projects can be significantly reduced or rendered uneconomic. The successful progression of the Group's oil and gas assets depends not only on technical success, but also on the award of new authorisations from the Irish Government and the ability of the Group to obtain appropriate financing through equity financing, debt financing, farm downs or other means. The availability of such funding will continue to be influenced by macro-economic events, including oil and gas price fluctuations and the overall state of the economy, both of which remain outside the control of the Group. There is no guarantee that the Group will be successful in obtaining required financing going forward. If the Group is unable to obtain additional financing needed to fulfil its planned work programmes, some interests may be relinquished and/or the scope of the operations reduced.

The risks set out are not exhaustive and additional risks and uncertainties may arise or become material in the future. Any of the risks, as well as other risks and uncertainties discussed in this document, could have a material adverse effect on our business.

Stephen Boldy
Chief Executive Officer

30 June 2023

Directors Report

For the year ended 31 December 2022

The Directors present their directors' report and audited financial statements for the year ended 31 December 2022.

Directors

In accordance with the Company's Articles of Association, Directors retire and, being eligible, offer themselves for re-election. Stephen Boldy has a service contract with an unexpired notice period of one year. Details of the remuneration of the Directors and the interests of the Directors in the share capital and share options of the Company are disclosed in the Remuneration Report included on pages 15 to 16.

Details of executive director and company secretary

Dr Stephen Boldy (Chief Executive Officer), aged 67, joined Ramco Energy plc in March 2003, becoming CEO of Lansdowne in April 2006. From 1980 to 1984, Dr Boldy worked as a petroleum geologist for the Petroleum Affairs Division of the Department of Energy in Dublin and then spent almost 19 years with Amerada Hess Corporation, where his appointments included UK Exploration Manager and International Exploration Manager. Dr Boldy has extensive experience of working Irish offshore basins and the basins west of Britain and earned his PhD in geology from Trinity College Dublin.

Con Casey, aged 62, was appointed Company Secretary in January 2013. Mr. Casey has an honours degree in Business Management from Trinity College and is a Fellow of the Association of Chartered Certified Accountants. He has over 33 years' experience in advising companies in the natural resources sector as well as acting as adviser to a number of publicly quoted companies and semi-state organisations. He specialises in the area of corporate finance and is a corporate finance partner in Evelyn Partners.

Details of non executive directors

Jeffrey Auld*† (Non-Executive Chairman), aged 56, has more than 31 years of financial and commercial experience in upstream oil and gas development and production. He is currently the President and CEO of Serinus Energy plc, an AIM listed oil and gas company. His career has involved periods working for exploration and production companies – Premier Oil, PetroKazakhstan and Equator Exploration; as well as periods spent in financial institutions – Goldman Sachs, Canaccord Adams and Macquarie. He was appointed as a Non-Executive Director of Lansdowne Oil & Gas plc in September 2013 and took over as Chairman in September 2021.

Daniel McKeown*† (Non-Executive Director), aged 41, graduated with a BA Economics & Political Science from the University of Dublin, Trinity College and a Diploma de Grande Ecole (Commerce), MSc. In Management Science and Diplom-Kaufmann from ESCP Europe, Paris. He has more than 18 years of financial, commercial and operational experience in upstream oil and gas, having worked for Goldman Sachs, Perella Weinberg, SeaCrest Capital, Allied Irish Banks and Azinam Ltd. He was appointed as a Non- Executive Director of Lansdowne Oil & Gas plc in September 2021.

* A member of the Audit Committee

† A member of the Remuneration Committee

Directors Report (continued)

For the year ended 31 December 2022

Substantial shareholders

The Directors have been notified of the following interests in 3 per cent or more of the Company's issued share capital at 31 December 2022 and 31 March 2023:

	31 December 2022		31 March 2023	
	No. of shares	% of Capital	No. of shares	% of Capital
Lampe Conway & Co LLC/LC Capital MasterFund Limited	171,241,938	18.34%	171,241,938	17.23%
Brandon Hill Capital	100,671,158	10.78%	100,671,158	10.13%
Spreadex	84,669,449	9.07%	84,669,449	8.52%
Mr Mark Ward	49,894,794	5.34%	49,398,468	4.97%
Hargreaves Stockbrokers	46,693,879	5.00%	46,689,975	4.70%
Cantor Fitzgerald Europe	39,499,227	4.23%	39,399,227	3.97%
Interactive Investor (EO)	39,296,867	4.21%	38,218,678	3.85%
Argon Financial	23,500,000	2.52%	33,500,000	3.37%

The Directors are not aware of any other holding of 3% or more of the share capital of the Company.

Dividends

The directors do not recommend the payment of a dividend (2021: £Nil).

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 9. Having made enquiries of fellow directors and of the Group's auditors, each of these directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Group's auditors in connection with preparing their report) of which the Group's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditors are aware of that information.

Post Balance Sheet Events and future developments

The Directors are not aware of any event or circumstance which has not been dealt with in note 20 to the financial statements.

Future developments

The Group's future outlook is described in the Chairman's Statement on page 2 to 4.

The Group's main prospect is in the appraisal stage and does not contain any proven reserves.

The Group aims to finance the work programme obligations related to the licences which it holds, by the issue of new share capital, raising additional debt or by a combination of both.

Going concern

The Directors have prepared the financial statements on the going concern basis which assumes that the Group and Company will continue in operational existence for at least twelve months from the date of the approval of these financial statements as discussed further in the Statement of Accounting Policies section (d).

This is subject to material uncertainty which is discussed further on pages 31 to 32.

Directors Report (continued)

For the year ended 31 December 2022

Financial instruments

Risk exposures and financial risk management policies and objectives are discussed in Note 11 to the financial statements.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG as auditor of the Group is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Stephen Boldy

Chief Executive Officer

30 June 2023

Corporate Governance Statement

for the year ended 31 December 2022

The directors recognise the importance of sound corporate governance. The Company has adopted the QCA Code, which the directors consider appropriate for a company of its size and nature. The QCA takes key elements of good governance and allows companies to apply them in a manner which is appropriate for the differing needs of small companies. The “Comply or Explain” maxim allows companies to inform shareholders where policies differ from the norm and why. The details of the Company’s policies in this respect are set out in its AIM Notice 50 Statement, which can be downloaded from the Company’s website at www.lansdowneoilandgas.com/company/corporate-governance/.

Directors

At 31 December 2022, the Board comprised of a Non-Executive Chairman, one Executive Director and one Non-Executive Director. Biographies of the Directors are presented on page 9. Jeffrey Auld is the senior Non-Executive Director and Chairman.

	2022	2022
Board Meeting attendance record	Eligible	Attended
S A R Boldy	14	14
J Auld	14	14
D. McKeown	14	14

The Board is responsible for setting overall Group strategy, policy, monitoring Group performance and authorising significant transactions.

The Board meets not less than four times a year and has adopted a schedule of matters reserved for its decision. All Directors have full and timely access to information and may take independent professional advice at the Group’s expense.

The Board has two standing committees with terms of reference as follows:

Audit Committee

The Audit Committee comprises Jeffrey Auld (Chairman) and Daniel McKeown. It determines the terms of engagement of the Group’s auditors and, in consultation with the auditors, the scope of the audit. The Audit Committee receives and reviews reports from management and the Group’s auditors relating to the interim and annual financial statements and the accounting and internal control systems in the Group. The Audit Committee has unrestricted access to, and oversees, the relationship with the Group’s auditors, KPMG. The Audit Committee meets at least twice a year and meets with the Group’s auditors at least once a year. Other directors may attend by invitation.

The independent auditors are engaged to express an opinion on the financial statements. They review and test the systems of internal financial control and data contained in the financial statements to the extent necessary to express their audit opinion. They discuss with management the reporting of operational results and the financial position of the Group and present their findings to the Audit Committee.

The Audit Committee reviews the independence and objectivity of the independent auditors. The Committee reviews the nature and amount of non-audit work undertaken by KPMG each year to satisfy itself that there is no effect on their independence. Details of this year’s fees are given in note 13 to the accounts. The Committee is satisfied that KPMG is independent.

The Group does not have an internal audit function but the need for such a function is reviewed at least annually. It is the current view of the Board that an internal audit function is not required given the size and nature of the operations of the Group.

Corporate Governance Statement

for the year ended 31 December 2022

Remuneration Committee

The Remuneration Committee comprises Jeffrey Auld (Chairman), Daniel McKeown. It reviews the scale and structure of the Executive Directors' remuneration and the terms of their service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the Non-Executive Directors are set by the entire Board. No Director or manager of the Group may participate in any meeting at which discussion or any decision regarding their own remuneration takes place. The Remuneration Committee also administers any share option schemes or other employee incentive schemes adopted by the Company from time to time.

The Remuneration Report is presented on pages 15 to 16 and contains a statement of remuneration policy and details of the remuneration of each Director.

Risk management and internal control

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. Management identify risks, the likelihood of those risks occurring, the impact if they do occur and the actions being taken to manage and mitigate those risks to an acceptable level. This process is reviewed by the Board annually and accords with guidance on internal control. It has been in place throughout the year under review and up to the date of this report.

The Board of Directors has overall responsibility for maintaining a sound system of internal financial control to safeguard shareholders' investment and the Group's assets. Such a system can provide reasonable but not absolute assurance that assets are safeguarded, transactions are authorised and correctly recorded, and that material errors and irregularities are either prevented or would be detected within a timely period. The system, which has been in place throughout the year and up to the date of this report, comprises the following main elements, all of which are reviewed by the Board:

- An organisation structure with clearly defined lines of responsibility and delegation of authority.
- Appointment of employees of the necessary calibre to fulfil their allotted responsibilities.
- Established procedures for budgeting and capital expenditure.
- Monthly reporting of actual performance compared to budget, reviewed by the Board quarterly.
- Rolling monthly forecasts for the financial year.
- The Group reports to shareholders on a half-yearly basis to ensure timely reporting of financial results.

Investor relations

Communications with investors are given high priority. The Group keeps its institutional shareholders up to date with its business and objectives, and obtains their views on the Group, by means of periodic presentations. Additionally, the Group is ready to respond appropriately to particular issues or questions that may be raised by investors. All shareholders are sent the Annual Report and financial statements, the Interim Report and can also elect to receive all press releases, many choosing to receive this information by e-mail.

The Group has a website, www.lansdowneoilandgas.com, which is regularly updated and contains a wide range of information about the Group including the previous Annual Reports and press releases. The Board views the AGM as an opportunity to communicate with private investors and encourages them to attend. The Board aims to ensure that the Chairmen of the Audit and Remuneration Committees are available to answer questions. Shareholders are invited to ask questions and are given the opportunity to meet the Directors informally following the meeting. The Company complies with best practice in ensuring that the Notice of the AGM is dispatched to shareholders at least 21 days ahead of the meeting.

Corporate Governance Statement
for the year ended 31 December 2022

Directors' responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with UK adopted International Financial Reporting Standards and applicable law.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and a directors' report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The financial statements have been prepared on the going concern basis which assumes that the Company and its subsidiaries will continue in operational existence for the foreseeable future.

The Directors consider that it is appropriate to adopt a going concern assumption in preparing these financial statements for the reasons outlined in note 1 (d) to the financial statements.

By order of the Board

Stephen Boldy
Director

30 June 2023

Remuneration Report

for the year ended 31 December 2022

Introduction

The following report details how the Company's remuneration committee determines Directors' remuneration packages through the application of the Company's remuneration policy.

Remuneration Committee

The members of the Remuneration Committee (the Committee) are Jeffrey Auld (Chairman) and Daniel McKeown, who are Non-Executive Directors of the Company.

The Committee, which meets at least twice each year, is responsible to the Board for determining the terms and conditions of employment of the Executive Directors and their remuneration packages (including pension rights and any compensation payments) and oversees the operation of the Company's Employee Share Option Scheme.

The Committee has access to external independent professional advice, at the Company's expense, as the Committee sees fit. None of the Committee members has any personal financial interest in the matters to be decided by the Committee or any conflicts arising from cross-directorships or day-to-day involvement in the running of the Group.

Remuneration Policy

The Group operates in the international oil and gas industry and aims to attract, reward, motivate and retain top executives in a manner appropriate to that industry and with the objective of long term accumulation of value for shareholders. The remuneration packages currently being offered are intended to be competitive and comprise a mix of performance related and non-performance related remuneration designed to incentivise Directors. The packages are in line with industry norms.

Directors' Service Contracts

Stephen A R Boldy has a service contract with the Company with a rolling notice period of one year.

The remuneration of Non-Executive Directors is determined by the Board after consideration of appropriate external comparisons and the responsibilities and time involvement of individual Directors. No Director is involved in deciding his own remuneration.

Directors' Remuneration Package

The executive Directors' remuneration package, which is reviewed annually, consist of annual salary, performance related bonuses, health and other benefits, pension contributions and share options.

Stephen A R Boldy is entitled to an annual bonus equal to 2 per cent of the audited consolidated after tax profits of the Company and its subsidiaries subject to a cap equal to his annual salary during the relevant financial year. He is also entitled to bonus payments on the entering into of binding agreements with third parties in respect of any farm-out arrangements relating to the Group's assets, with a requirement to utilise any such bonus payments to subscribe for Ordinary Shares of the Company.

Remuneration Report (continued)
for the year ended 31 December 2022

Directors' Detailed Emoluments

	Salary and fees £'000	Performance related bonus £'000	Benefits £'000	Pension Contributions £'000	2022 Total £'000	2021 Total £'000
Executive Directors						
SAR Boldy	60	-	-	-	60	60
Non-Executive Directors						
T Torrington	-	-	-	-	-	14
John Daniel McKeown	15	-	-	-	15	4
JD Auld	20	-	-	-	20	17
2022	95	-	-	-	95	-
2021	95	-	-	-	-	95

Interests In Shares

The beneficial interests of the Directors who held office at 31 December 2022 in the ordinary shares of the Company are as follows:

	At 31 Dec 2021	At 31 Dec 2022	At 31 Mar 2023
SAR Boldy	6,400,660	6,400,660	6,400,660
J D Auld	2,828,619	3,828,619	3,828,619
	9,229,279	10,229,279	10,229,279

Interests in share options

	Exercise Price	At 31 Dec 2021	Granted	Lapsed	At 31 Dec 2022	Normal Exercise Dates
SAR Boldy	36.5p	600,000	-	600,000	-	1st June 2015 to 31 May 2022
T Torrington	36.5p	50,000	-	50,000	-	1st June 2015 to 31 May 2022

Details of the performance criteria, conditional upon which the options are exercisable, are set out in note 15 to the financial statements.

On behalf of the Board

J D Auld

Chairman, Remuneration Committee
30 June 2023

Independent Auditor's Report to the Shareholders of Lansdowne Oil & Gas Plc (continued)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lansdowne Oil & Gas Plc ("the Company") and its consolidated undertakings (together "the Group") for the year ended 31 December 2022 which comprise the consolidated income statement, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity, the company statement of cash flows and the related notes, including the summary of significant accounting policies set out in note 1.

The financial reporting framework that has been applied in their preparation is UK Law and UK adopted international accounting standards and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the Group's and of the Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Group financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard as applied to a listed entity and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which outlines the Directors conclusion regarding the Group and Company's ability to continue as a going concern. Following the notification from the Department of the Environment, Climate and Communications ("DECC") of its decision not to grant the Lease Undertaking, it is now expected that the Group's focus for the immediate future will be the progression of legal action against the Irish Government to seek compensation or other remedies.

The key uncertainty relating to funding now relates to the ability of the Group to fund such legal action. This is dependent on securing additional debt or equity funding. There is no guarantee that the Company will be in a position to secure such funding. As stated in note 1, these events or conditions, along with the other matters explained in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The risk

There is little judgement involved in the directors' conclusion that risks and circumstances described in note 1 to the financial statements represent a material uncertainty over the ability of the Group and Company to continue as a going concern for a period of at least a year from the date of approval of the financial statements.

However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.

Independent Auditor's Report to the Shareholders of Lansdowne Oil & Gas Plc (continued)

Report on the audit of the financial statements

How the matter was addressed in our audit

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included:

We evaluated the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period.

The risk that we considered most likely to adversely affect the Group's and Company's available financial resources over this period was its ability to raise funding to pursue its intended legal action against the Irish Government to seek remedies for the adverse impact of the notification from DECC of its decision not to grant the Lease Undertaking.

As this was a risk that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, our audit procedures included:

- inspecting the Directors' Going Concern Memorandum which includes cash flow projections to 30 June 2024 and concludes that there is a "material uncertainty" relating to the ability of the Group and Company to continue as a Going Concern;
- inspecting management's cash flow projections and key underlying assumptions prepared by Group management for the period up to 30 June 2024;
- critically assessing assumptions in management's base case scenario relevant to liquidity, in particular assessing the funds required to progress the Company's intended legal action against the Irish Government during the forecast period together with ongoing working capital requirements and other assumptions inherent in the forecasts;
- inspecting documentation which was submitted by the consortium partners to DECC for an application for a Lease Undertaking and correspondence from DECC, including communication from DECC on 19 May 2023 noting DECC's decision not to grant the Lease Undertaking;
- inspecting communication from the Group to the Irish Government dated June 2023 notifying the Government of the Group's intention to take legal action;
- considering sensitivities over the level of available financial resources indicated by management's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from this risk.
- inspecting management's analysis of the alternative funding options available to the Group and Company; and
- considering the adequacy of the disclosures within the basis of preparation note on page 31 in respect of going concern, and whether the disclosures properly reflected the risks that the Group and Company face in respect of their ability to continue as a going concern.

Arising from our procedures, we noted that:

- assumptions used by management regarding the Group's and Company's funding requirements were within a reasonable range; and
- planned fundraising, either from an equity raise, convertible instrument, external litigation funders, financial support from a strategic partner or debt funding, in H2 2023, is consistent with the Group's funding requirements.

Based on the work we have performed, we found the disclosure of the material uncertainty to be acceptable.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Shareholders of Lansdowne Oil & Gas Plc (continued)

Report on the audit of the financial statements

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included:

- Inquiring with the directors and other management as to the Group's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.
- Inquiring of directors and the audit committee as to the Group's policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inquiring of directors and the audit committee regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud.
- Inspecting the Group's regulatory and legal correspondence.
- Reading Board minutes.
- Performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, environmental law and certain aspects of company legislation. Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We identified a fraud risk in relation to the potential suppression by Management of information relating to the Lease Undertaking. Further detail in respect of this fraud risk is set out in the key audit matter disclosures in this report. We did not identify any additional fraud risks.

In response to the fraud risks, we also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.
- Evaluating the business purpose of significant unusual transactions; and
- Assessing significant accounting estimates for bias.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Shareholders of Lansdowne Oil & Gas Plc (continued)

Report on the audit of the financial statements

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section above, we identified one further Group key audit matter as follows (unchanged from 2021).

Carrying value of intangible exploration / appraisal assets - £16.3 million (2021: £16.1 million)

Refer to accounting policies (d) and (i), and Note 4 (financial disclosures)

The key audit matter

At 31 December 2022, the Group held a 20% interest in a consortium which holds the rights to develop the Barryroe prospect, offshore Ireland. At that date, the Group had incurred expenditure of £16.3 million (2021: £16.1 million) in relation to this prospect, all of which had been capitalised as intangible assets - exploration/appraisal assets.

The assessment of the carrying value of the intangible asset capitalised at that date required management to exercise judgement which included consideration of a number of factors, including, the Group's intention at that date to proceed with future work programmes on the site, the likelihood of the issuance by the DECC of a Lease Undertaking required to progress the development of the prospect, the success of drilling and geological analysis and the successful production of hydrocarbons in commercial quantities. In addition, particular consideration is required to be given to assessing whether the notification received from DECC on 19 May 2023 not to grant a Lease Undertaking should be regarded as an adjusting or non-adjusting subsequent event.

How the matter was addressed in our audit

In responding to this key audit matter, among others, we:

- obtained and documented the process for recording transactions relating to exploration/appraisal assets and assessed the design and implementation of key controls which management performs in relation thereto;
- considered the appropriateness of the criteria for the capitalisation of exploration and appraisal expenditure in accordance with relevant accounting standards and whether there was any inappropriate capitalisation of costs;
- evaluated and challenged management's impairment assessment of intangible assets with reference to the criteria of IFRS 6 *Exploration for and Evaluation of Mineral Resources* and the Group's accounting policy;
- inspected documentation which was submitted by the consortium partners to DECC for an application for a Lease Undertaking and correspondence from DECC, including communication from DECC on 19 May 2023 noting DECC's decision not to grant the Lease Undertaking;
- assessed and challenged the Directors determination that the impact of DECC's decision should be regarded as a non adjusting event under IAS 10 *Events After the Reporting Period* and consequently that no adjustment is required to the carrying value of the intangible asset as at 31 December 2022; and
- considered the adequacy of the related disclosures in the financial statements.

Based on the evidence obtained regarding events up to 31 December 2022 and to date in 2023, we concluded that:

- The Board's position that it was reasonable to expect that a Lease Undertaking would be granted by DECC is consistent with all relevant facts and circumstances supported by correspondence and other documentation;

Independent Auditor's Report to the Shareholders of Lansdowne Oil & Gas Plc (continued)

Report on the audit of the financial statements

- The Board's position that the notification from DECC of its decision not to grant the Lease Undertaking is a non-adjusting event under IAS 10 *Events After the Reporting Period* and, consequently the carrying value of the intangible exploration/appraisal assets recognised in the financial statements at 31 December 2022 should not be impaired at that date is reasonable.

We have determined that there are no key audit matters to communicate in our report in relation to the Company.

Our application of materiality and an overview of the scope of our audit

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Materiality for the group financial statements as a whole was set at £163,000 (2021: £162,000). This has been calculated using a benchmark of Group total assets (of which it represents 1% (2021: 1%). In our judgement we considered total assets to be the appropriate benchmark for determining materiality as it is the primary focus of users of the financial statements. We considered quantitative and qualitative factors such as understanding the entity and its environment, history of misstatements, complexity of the Group and reliability of the control environment. We applied Group materiality to assist us determine the overall audit strategy.

We set Group performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 75% of group materiality (2021: 75%). We applied this percentage in our determination of performance materiality based on the low level of identified control deficiencies and audit misstatements during the prior year, together with the stability of senior management over the last number of years. We applied Group performance materiality to assist us determine what risks were significant risks for the Group.

Materiality for the Company financial statements as a whole was set at £17,000 (2021: £2,180), determined with reference to a benchmark of the Company's total expenses (2021: total assets), of which it represents 5% (2021: 1% of total assets). In the prior year we considered 1% of total assets to be the most appropriate materiality measure. However, the Company's assets consist of intercompany receivables that are fully provided for. Hence in our judgement total assets is not the most appropriate benchmark on which to base materiality in the current year. As the purpose of the entity is to incur expenses on behalf of the Group, we determined that total expenses is a more appropriate measure.

We set the Company performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. The Company performance materiality was set at 75% of Company materiality (2021: 75%). We applied this percentage in our determination of performance materiality based on the low level of identified control deficiencies and audit misstatements during the prior year, together with the stability of senior management over the last number of years.

We agreed with the Audit Committee that we would report to them all corrected and uncorrected audit misstatements for the Group in excess of £8,150 (2021: £8,100) and for the Company in excess of £850 (£109), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our audit scope included a full audit of all components, accounting for 100 per cent of the Group's total loss before tax and net assets.

Our audit was undertaken to the materiality and performance materiality level specified above and was all performed by a single engagement team in Dublin.

Independent Auditor's Report to the Shareholders of Lansdowne Oil & Gas Plc (continued)

Report on the audit of the financial statements

Other information

The directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the strategic and directors' report and Chairman's Statement, Oil and Gas Interests, Corporate Governance Statement and Remuneration Report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report or the directors' report;
- in our opinion, the information given in the strategic report and the directors' report is consistent with the financial statements; and
- in our opinion, the strategic report and the directors' report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report on these matters.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 14, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Shareholders of Lansdowne Oil & Gas Plc (continued)
Report on the audit of the financial statements

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Colm O'Sé (Senior Statutory Auditor) for and on behalf of KPMG,
Chartered Accountants, Statutory Auditor

1 Stokes Place
St. Stephen's Green,
Dublin 2

30 June 2023

Consolidated Income Statement
for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Administrative expenses		(218)	(82)
Operating loss		(218)	(82)
Finance costs	16	(146)	(49)
Loss for the year before tax		(364)	(131)
Income tax	17	-	-
Loss for the year		(364)	(131)
Loss per share (pence):			
Basic loss per ordinary share	3	(0.04p)	(0.02p)
Diluted loss per ordinary share	3	(0.04p)	(0.02p)

The results for the year all arise on continuing operations.

The accompanying notes on pages 31 - 50 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 30 June 2023.

Jeffrey Auld
Director

Stephen Boldy
Director

Consolidated Statement of Financial Position
as at 31 December 2022

		2022	2021
Assets	Notes	£'000	£'000
Non-Current Assets			
Intangible assets	4	16,336	16,125
Current Assets			
Trade and other receivables	6	19	21
Cash and cash equivalents		15	199
		34	220
Total Assets		16,370	16,345
Equity and Liabilities			
Shareholders' Equity			
Share capital	12	11,990	11,930
Share premium	12	28,475	28,284
Currency translation reserve		59	59
Share-based payment reserve	15	-	316
Warrants reserve	9	115	-
Accumulated deficit		(25,889)	(25,936)
Total Equity		14,750	14,653
Non-Current Liabilities			
Provisions	10	512	388
		512	388
Current Liabilities			
Shareholder loan	8	979	1,027
Trade and other payables	7	129	277
Total Liabilities		1,620	1,692
Total Equity and Liabilities		16,370	16,345

The accompanying notes on pages 31 - 50 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 30 June 2023.

Jeffrey Auld
Director

Stephen Boldy
Director

Company Statement of Financial Position
as at 31 December 2022

Assets	Notes	2022 £'000	2021 £'000
Current Assets			
Trade and other receivables	6	19	20
Cash and cash equivalents		15	198
Total Assets		34	218
Equity and Liabilities			
Shareholders' Equity			
Share capital	12	11,990	11,930
Share premium	12	28,475	28,284
Share-based payment reserve	15	-	316
Warrants reserve	9	115	-
Accumulated deficit		(41,653)	(41,615)
Total Equity		(1,073)	(1,085)
Current Liabilities			
Shareholder loan	8	979	1,027
Trade and other payables	7	128	276
Total Liabilities		1,107	1,303
Total Equity and Liabilities		34	218

The accompanying notes on pages 31 - 50 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 30 June 2023.

Jeffrey Auld
Director

Stephen Boldy
Director

Consolidated Statement of Cash Flows
for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Loss for the year		(364)	(131)
<i>Adjustments for:</i>			
Interest payable and similar charges		146	48
Decrease/(increase) in trade and other receivables		2	(4)
(Decrease)/increase in trade and other payables		(23)	86
Net cash used in operating activities		(239)	(1)
Cash flows from investing activities			
Acquisition of intangible exploration assets	4	(211)	(435)
Net cash used in investing activities		(211)	(435)
Cash flows from financing activities			
Proceeds from the issue of share capital		300	-
Cost of raising shares		(34)	-
Net cash from financing activities		266	-
Net (decrease) in cash and cash equivalents		(184)	(436)
Cash and cash equivalents at 1 January		199	635
Cash and cash equivalents at 31 December		15	199

The accompanying notes on pages 31 - 50 form an integral part of these financial statements.

Company Statement of Cash Flows
For the year ended 31 December 2022

	2022	2021
<i>Notes</i>	£'000	£'000
Cash flows from operating activities		
Loss for the year	(449)	(496)
<i>Adjustments for:</i>		
Interest payable and similar charges	146	49
Decrease/(increase) in trade and other receivables	2	(3)
(Decrease)/increase in trade and other payables	(148)	14
Net cash used in operating activities	(449)	(436)
Cash flows from financing activities		
Proceeds from the issue of share capital	300	-
Cost of raising shares	(34)	-
Net cash from financing activities	266	-
Net (decrease)/increase in cash and cash equivalents	(183)	(436)
Cash and cash equivalents at 1 January	198	634
Cash and cash equivalents at 31 December	15	198

The accompanying notes on pages 31 - 50 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 December 2022

	Share Capital £'000	Share Premium £'000	Share Based Payment Reserve £'000	Currency Translation Reserve £'000	Warrants Reserve £'000	Accumulated Deficit £'000	Total Equity £'000
Balance at 1 January 2021	11,930	28,284	923	59	-	(26,412)	14,784
Loss for the financial year	-	-	-	-	-	(131)	(131)
Total comprehensive loss for the year	-	-	-	-	-	(131)	(131)
Lapse of share options	-	-	(607)	-	-	607	-
Balance at 31 December 2021	11,930	28,284	316	59	-	(25,936)	14,653
Balance at 1 January 2022	11,930	28,284	316	59	-	(25,936)	14,653
Loss for the financial year	-	-	-	-	-	(364)	(364)
Comprehensive loss for the year	-	-	-	-	-	(364)	(364)
Issue of new shares - gross consideration (note 12)	60	240	-	-	-	-	300
Issue of shares – warrants (Note 9)	-	(15)	-	-	15	-	-
Issue of warrants to holder of loan notes (Note 9)	-	-	-	-	100	95	195
Cost of share issues	-	(34)	-	-	-	-	(34)
Lapse of share options	-	-	(316)	-	-	316	-
Balance at 31 December 2022	11,990	28,475	-	59	115	(25,889)	14,750

The accompanying notes on pages 31 - 50 form an integral part of these financial statements.

Company Statement of Changes in Equity
for the year ended 31 December 2022

	Share Capital £'000	Share Premium £'000	Share Based Payment Reserve £'000	Warrants Reserve £'000	Accumulated Deficit £'000	Total Equity £'000
Balance at 1 January 2021	11,930	28,284	923	-	(41,726)	(589)
Loss for the financial year	-	-	-	-	(496)	(496)
Lapse of share options	-	-	(607)	-	607	-
Balance at 31 December 2021	11,930	28,284	316	-	(41,615)	(1,085)
Balance at 1 January 2022	11,930	28,284	316	-	(41,615)	(1,085)
Loss for the financial year	-	-	-	-	(449)	(449)
Issue of new shares – gross consideration (note 12)	60	240	-	-	-	300
Issue of shares – warrants (Note 9)	-	(15)	-	15	-	-
Issue of warrants to holder of loan notes (Note 9)	-	-	-	100	95	195
Cost of share issues	-	(34)	-	-	-	(34)
Lapse of share options	-	-	(316)	-	316	-
Balance at 31 December 2022	11,990	28,475	-	115	(41,653)	(1,073)

The accompanying notes on pages 31 - 50 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2022

1. Presentation of accounts and accounting policies

(a) Reporting Entity

Lansdowne Oil & Gas plc (the "Company") and its subsidiaries (together, the "Group") explore for and develop oil and gas reserves in the Irish Celtic Sea.

The Company is a public limited company, incorporated, domiciled and registered in the UK. The registered number is 05662495. The address of its registered office is c/o Pinsent Masons LLP, 30 Crown Place, London EC2A 4ES.

The Company's shares are quoted on the AIM Market of the London Stock Exchange.

(b) Basis of accounting

The financial statements have been prepared in accordance with UK adopted International Financial Reporting Standards ("IFRS"), and effective for the current reporting year and, in the case of the Company, as applied in accordance with the provisions of the Companies Act 2006 applicable to companies reporting under IFRS. A summary of the more important accounting policies, which have been applied consistently, are set out below.

(c) Functional and presentation currency

The consolidated financial statements are presented in Sterling, the Company's functional currency, and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

(d) Going concern - basis of accounting

The Directors have prepared the financial statements on the going concern basis which assumes that the Group and Company will continue in operational existence for at least twelve months from the date of the approval of these financial statements as described below.

The Directors have carried out a detailed assessment of the Group's current and prospective activity, its relationship with the holder of its loan note, and have prepared cash flow projections for the period to 30 June 2024. The following represent the key assumptions underpinning the cash flow projections:

Regulatory considerations

Lansdowne exited 2022 having spent the year pursuing the award of a Lease Undertaking for the Barryroe oil and gas field.

In October 2022, DECC provided a report of financial capability to the Barryroe joint-venture partners. Both partners sought to respond to the concerns outlined under the new and revised financial capability guidelines in November 2022.

On 19 May 2023, Barryroe Offshore Energy received a letter from the Irish Department of the Environment, Climate and Communications ("DECC") advising that Eamon Ryan, Minister for the Environment, Climate and Communications (the "Minister") was unwilling to grant the Lease Undertaking, as sought, on grounds of financial capability. DECC also confirmed in the letter that the application was satisfactory from a technical perspective.

Notes to the Financial Statements

For the year ended 31 December 2022

Funding options

In February 2021 the Irish Minister at the Department of the Environment, Climate and Communications, Eamonn Ryan announced that the Government would introduce legislation to end the award of any new licences for both oil and gas exploration. This has since been passed into law.

It was again confirmed that the legislation will not affect existing authorisations (such as SEL1/11 – Barryroe), whereby existing licences can progress to production.

Should this change, the Company stated previously that it would pursue strenuously claims for compensation.

Now that the Minister has refused to award a Lease Undertaking for Barryroe, pursuing compensation through legal proceedings is that path that is being followed.

It is anticipated that the Company's loan note holder will extend the maturity of its loan notes which currently mature on 31 December 2023 should this be requested in line with previous experience. In addition, the Company will seek new funds to pursue legal proceedings for compensation for Barryroe, either from a further equity placing, via shareholder loans, or accessing other potential forms of less dilutive funding available to the Company that includes, but is not limited to, combinations of the following:

- (i) a convertible instrument or
- (ii) external litigation funders or
- (iii) financial support from either a strategic partner or
- (iv) debt funding

This legal action will only be pursued on the condition that sufficient additional funds are raised to finance this undertaking.

Based on the cash flow projections prepared by the Directors, planned future fund-raising will be adequate to ensure that the Group and Company will be able to discharge all liabilities as they fall due.

The Directors believe that the Company will be able to secure further debt or equity funding as may be required. However, there is no guarantee that the Company will be able to secure such funding.

The Directors have considered the various matters set out above and have concluded that a material uncertainty exists that may cast significant doubt on the ability of the Group and Company to continue as going concern and that the Group and Company may therefore be unable to realise their assets and discharge their liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the Directors are of the view that the Group and Company will have sufficient cash resources available to meet their liabilities and continue in operational existence for at least 12 months from the date of approval of these financial statements.

On that basis, the Directors consider it appropriate to prepare the financial statements on a going concern basis. These financial statements do not include any adjustment that would result from the going concern basis of preparation being inappropriate.

(e) Basis of measurement

The Group prepares its financial statements on the historical cost basis. Where the carrying value of assets and liabilities are calculated on a different basis, this is disclosed in the relevant accounting policy.

(f) Judgements and key sources of estimation uncertainty

The Group has used judgements, estimates and assumptions in arriving at certain figures in the preparation of its financial statements. The resulting accounting estimates may not equate with the actual results which will only be known in time.

Notes to the Financial Statements

For the year ended 31 December 2022

Those areas believed to be key areas of estimation are;

- **Exploration and evaluation assets**

The carrying value of exploration and evaluation assets was £16.3 million (2021: £16.1 million) at 31 December 2022. The directors carried out a review, in accordance with IFRS 6 *Exploration for and Evaluation of Mineral Interests*, of the carrying value of these assets and are satisfied that they were recoverable as at 31 December 2022, acknowledging however that their recoverability at the time was dependent on future successful exploration efforts and the granting of the lease undertaking by the Irish Government.

- **Decommissioning**

The decommissioning provision amounts to £0.5 million (2021: 0.4 million) at 31 December 2022 and represents management's best estimate of the costs involved in decommissioning the various exploration licence areas to return them to their original condition. These estimates include certain management assumptions with regard to future costs, timing of activity, inflation rates and discount rates.

- **Deferred tax asset**

Deferred tax assets have not been recognised because it is not probable that future taxable profits will be available against which the Group can use the benefits therefrom.

Those areas believed to be key areas of judgements are;

- Going concern (policy (d) above)
- Oil and Gas Intangible exploration/ appraisal assets (policy (i) below)

Further details of the assumptions used can be found in this statement of accounting policies and in the notes to these financial statements.

(g) Basis of consolidation

The consolidated financial statements include the results of Lansdowne Oil & Gas plc and its subsidiary undertakings, made up to 31 December each year. No separate income statement is presented for the parent company, as permitted by Section 408 of the Companies Act 2006.

The subsidiaries are those companies controlled, directly or indirectly, by Lansdowne Oil & Gas plc. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. This control is normally evidenced when Lansdowne Oil & Gas plc owns, either directly or indirectly, more than 50 per cent of the voting rights or potential voting rights of a company's share capital. Companies acquired during the year are consolidated from the date on which control is transferred to the Group, and subsidiaries to be divested are included up to the date on which control passes from the Group. Inter-company balances, transactions and resulting unrealised income are eliminated in full.

(h) Joint arrangements

The Group participates in a number of joint arrangements where control of the arrangement is shared with one or more other parties. A joint arrangement is classified as a joint operation or as a joint venture, depending on the rights and obligations of the parties to the arrangement.

The classification can have a material impact on the consolidated financial statements. The Group's share of assets, liabilities, revenue, expenses and cash flows of joint operations are included in the consolidated financial statements on a line-by-line basis, whereas the Group's investment and share of results of joint ventures are shown within single line items in the consolidated statement of financial position and consolidated income statement respectively.

Notes to the Financial Statements

For the year ended 31 December 2022

(i) Oil and gas intangible exploration/appraisal assets and property, plant & equipment - development/producing assets

All expenditure relating to oil and gas activities is capitalised in accordance with the "successful efforts" method of accounting, as described in IFRS 6. The Group's policy for oil and gas assets is also compliant with IFRS 6 "Exploration for and Evaluation of Mineral Resources". Under this standard, the Group's exploration and appraisal activities are capitalised as intangible assets and its development and production activities are capitalised within "Property, plant and equipment".

All costs incurred prior to the acquisition of licences are expensed immediately to the income statement.

Licence acquisition costs, geological and geophysical costs and the direct costs of exploration and appraisal are initially capitalised as intangible assets, pending determination of the existence of commercial reserves in the licence area. Such costs are classified as intangible assets based on the nature of the underlying asset, which does not yet have any proven physical substance. Exploration and appraisal costs are held, un-depleted, until such a time as the exploration phase on the licence area is complete or commercial reserves have been discovered. If commercial reserves are determined to exist and the technical feasibility of extraction demonstrated, then the related capitalised exploration/appraisal costs are first subjected to an impairment test (see below) and the resulting carrying value is transferred to the development and producing assets category within property, plant and equipment. If no commercial reserves exist, then that particular exploration/appraisal effort was "unsuccessful" and the costs are written off to the income statement in the period in which the evaluation is made. The success or failure of each exploration/appraisal effort is judged on a field by field basis.

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons has been demonstrated are capitalised within development/producing assets on a field by field basis. Development expenditure comprises all costs incurred in bringing a field to commercial production, including financing costs. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset.

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the income statement. Net proceeds from any disposal of exploration assets are credited against the previously capitalised cost. A gain or loss on disposal of an exploration asset is recognised in the income statement to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

Upon commencement of production, capitalised costs will be amortised on a unit of production basis which is calculated to write off the expected cost of each asset over its life in line with the depletion of proved and probable reserves.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net realisable value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. These cash-generating units ("CGUs") are aligned to the business unit and sub-business unit structure the Group uses to manage its business. Cash flows are discounted in determining the value in use.

(j) Investments

Shares in Group undertakings are held at cost less impairment provisions. Impairments occur where the recoverable value of the investment is less than its carrying value. The recoverable value of the investment is the higher of its fair value less costs to sell and value in use. Value in use is based on the discounted future net cash flows of the investee.

Notes to the Financial Statements

For the year ended 31 December 2022

(k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(l) Decommissioning costs and provisions

Provision is made for the cost of decommissioning oil and gas wells and other oilfield facilities. The cost of decommissioning is determined through discounting the amounts expected to be payable to their present value at the date the provision is recorded and this calculation is re-assessed at each reporting date. This amount is included within development and production assets by licence area and the liability is included in provisions. The cost will be depleted over the life of the licence area on a unit of production basis and charged to the Income Statement. The unwinding of the discount is reflected as a finance cost in the income statement over the expected remaining life of the well.

(m) Equity

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs, allocated between share capital and share premium.

(n) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will
- Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates or laws enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date. Deferred tax assets and liabilities are offset only if certain criteria are met.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

(o) Defined contribution pension schemes

From time to time, the Group contributes to a defined contribution pension scheme on behalf of certain employees. The pension cost represents contributions payable by the Group to the scheme.

(p) Share based payments

The Group has in place an equity-settled share option scheme, details of which are given in the Directors' Remuneration Report and Note 15 of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2022

The cost of awards under the share option scheme is recognised over the three or five year period to which the performance criteria relate. The amount recognised is based on the fair value of the share options, as measured at the date of the award. The corresponding credit is taken to a share based payments reserve. The proceeds on exercise of share options are credited to share capital and share premium.

The share options are valued using a Total Shareholder Return ("TSR") simulation model, which adjusts the fair value for the market-based performance criteria in the schemes. The TSR simulation model is based on the Monte Carlo model and is tailored to meet the requirements of the scheme's performance criteria. The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, risk free rate of interest and patterns of early exercise of the plan participants.

No expense is recognised for awards that do not ultimately vest, except for equity settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where an equity settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. All cancellations of equity settled transactions are treated equally.

(q) Finance income and expenses

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method.

Finance expenses comprise interest on leased assets, unwinding of any discount on provisions, fair value movement of warrants, and foreign exchange movements in the retranslation of non-sterling denominated liabilities.

(r) Foreign currency

The Group's consolidated financial statements are presented in Sterling, which is also the Company's functional currency. The assessment of functional currency has been based on the currency of the economic environment in which the Group operates and in which its costs arise. These financial statements have been presented in Sterling.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the reporting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All exchange gains and losses are taken to the income statement.

(s) Financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

(t) Warrants

The Group classifies instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The warrants issued (as outlined in note 9) are derivative in nature and are classified as equity.

Notes to the Financial Statements

For the year ended 31 December 2022

(u) Operating segments

The Chief Executive monitors the operating results of its operating segment for the purposes of making decisions and performance assessment. Segment performance is evaluated based on operating profit or loss and is reviewed consistently with operating profit or loss in the consolidated financial statements. Because the Group does not engage yet in business activities from which it may earn revenue, and as all its developmental activities are currently located in one geographical area, no reportable segment has been identified nor disclosed in these financial statements.

(v) Changes in accounting policies

The financial statements have been prepared in accordance with UK - adopted International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board ("IASB").

The IFRSs applied by the company in the preparation of these financial statements are those that were effective on or before 31 December 2022.

The following standards, amendments and interpretations which became effective from 1 January 202 are of relevance to the company:

Standard	Content	Applicable for years beginning on/after
IFRS 3	Business Combinations	1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022

There was no material impact to the financial statements in the current year from these standards, amendments and interpretations.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company:

Standard	Content	Applicable for years beginning on/after
IFRS 10	Consolidated Financial Statements	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
IAS 1	Presentation of Financial Statements	1 January 2023
IAS8	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
IAS 12	Income Taxes	1 January 2023
IAS 28	Investments in Associates and Joint Ventures	1 January 2023

In the year ended 31 December 2022, the Group and Company did not early adopt any new or amended standards and do not plan to early adopt any of the standards issued but not yet effective.

There would not have been a material impact on the financial statements if these standards had been applied in the current year.

Notes to the Financial Statements

For the year ended 31 December 2022

2. Segmental Reporting

The Group has one reportable operating and geographic segment, which is the exploration for oil and gas reserves in Ireland. All operations are classified as continuing and currently no revenue is generated from the operating segment.

3. Loss per ordinary share

	2022 £'000	2021 £'000
The loss for the year was wholly from continuing operations		
Loss for the year attributable to equity holders	(364)	(131)
Weighted average number of ordinary shares in issue - basic and diluted	919,974,501	873,618,337
Loss per share arising from continuing operations attributable to the equity holders of the Company - basic and diluted (in pence)	0.04	0.02

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has one class of potential ordinary shares being share options. As a loss was recorded for both 2022 and 2021, potentially issuable shares would have been anti-dilutive. The number of potentially issuable shares at 31 December 2022 is 30,821,826 (2021: 27,445,970).

Notes to the Financial Statements
For the year ended 31 December 2022

4. Intangible assets

Group	Exploration / appraisal assets £
Cost	
At 1 January 2021	15,690
Additions	435
At 31 December 2021	16,125
At 1 January 2022	16,125
Additions	211
At 31 December 2022	16,336

Oil and gas project expenditures, all of which relate to Barryroe, including geological, geophysical and seismic costs, are accumulated as intangible assets prior to the determination of commercial reserves. The directors have assessed the current ongoing activities and future planned activities and are satisfied that the carrying value is appropriate.

Under IFRS 6 the following considerations have been reviewed

- 1) Whether the period for exploration has expired or is near expiry and is not expected to be renewed: Licence SEL 1/11 expired in July 2021 and, as allowed for under the terms of the Licence, an application for a follow on authorization, a Lease Undertaking, was submitted in April 2021 and was expected to be awarded.
- 2) Whether significant expenditures on further E&E activities are not budgeted or planned: The work program submitted with the application consisted of an appraisal well with an expected costs of \$40 million gross \$8 million net to Lansdowne.
- 3) Whether the entity has decided to discontinue E&E activities due to lack of exploration success: Barryroe is an oil and gas discovery and the entity planned to continue activities, with the expectation that development of the field would follow on from a successful appraisal well.
- 4) Whether the entity has sufficient data indicating that the book cost is unlikely to be recovered from a successful development or from a sale: The most recent independent CPR completed in 2022 indicated a value of \$104 million for a Phase 1 development of the Barryroe Field for Lansdowne's 20% share, greatly in excess of the current book value of c. \$20 million.

Following the drilling of the 48/24-10z well a Competent Persons Report (CPR) was produced by Netherland Sewell and Associates Inc (NSAI). This concluded that the Basal Wealden oil bearing A Sand had 2C resources of 266 million barrels of oil and 187 billion cubic feet of associated gas.

A CPR carried out previously by RPS on the Middle Wealden oil bearing sands concluded that these contained 2C resources of 45 million barrels and 21 billion cubic feet of gas.

The total combined audited gross on block 2C recoverable resources at Barryroe therefore amount to 346 million barrels of oil equivalent, comprising 311 million barrels of oil and 207 billion cubic feet of gas.

A further CPR was carried out by RPS to assess the potential oil recoverable from a first phase of development of the central area of Barryroe. This work concluded in February 2022. The total estimated 2C resources for a Phase 1 development of the Basal Wealden oil bearing A Sand, amounted to 81.2 million barrels of oil recoverable gross (16.24 million barrels net to Lansdowne) from a Best Estimate of 278 million barrels of oil in place (STOIIIP).

Notes to the Financial Statements

For the year ended 31 December 2022

An economic evaluation, documented in the RPS CPR, covering the Phase 1 development in the 2C oil resources case, delivers an NPV10% for Lansdowne's 20% share of \$104 million (£82.5 million at £1 = \$1.26) under a Brent Oil Price assumption of US\$68 per barrel in 2027, rising to \$70/bbl in 2028 and 2029 and inflated at 2% per annum thereafter.

The Brent Oil Price is currently \$75/bbl and the forward curve remains above \$62/bbl through to the end of 2030.

Importantly, no CPR has assessed the volumes and value of the gas contained in the Basal Wealden C Sand that was tested with strong flow rates in the 48/24-10z well. Previous work by Providence indicated this reservoir could contain c. 400 billion cubic feet of gas..

As at the period end the Board considers that no impairment of the assets is required for a variety of reasons explored below. Subsequent to the period end the Board believed that the Lease Undertaking would be provided. The Board went as far as committing expense to the provision of a capital guarantee that was designed to meet the financial capabilities test. The Board also considered that given the extremely high energy prices of late 2022, the continuing war in Ukraine impacting oil and gas supplies to Europe and the greatly increased focus on energy security, that the lease undertaking would be granted. Well into the second quarter of 2023 the Board felt this expectation to be reasonable.

In October 2022 DECC provided a report of financial capability to the Barryroe joint-venture partners indicating that the arrangements put forward did not meet the financial capability requirements and providing an opportunity for the Barryroe partners to provide additional information. Both partners sought to respond to the concerns outlined under the new and revised financial capability guidelines in November 2022.

Barryroe Offshore Energy (previously Providence Resources) put forward a €40 million convertible loan from its largest shareholder, Vevan. This amount was sufficient to cover the entire costs of the minimum work programme commitment put forward in the Barryroe Lease Undertaking Application.

Lansdowne put in place a letter of support to provide a loan of more than enough to cover its share of the work programme (estimated at \$8 million).

In dialogue with DECC it was also established that €1.25 million had already been expended by the Barryroe partners on various items included in the work programme for preparatory works prior to drilling.

At year end, this application continued to remain under consideration by the DECC but a decision was finally made as detailed in the Post Balance Sheet event in Note 20.

Also, as outlined in the Post Balance Sheet event in Note 20, the Intangible asset of £16.3 million and related decommissioning provision were written off post year end in May 2023.

Notes to the Financial Statements
For the year ended 31 December 2022

5. Investments in subsidiaries

Cost	Company £
At 1 January 2021 and 1 January 2022	-
Impairment	-
	<hr/>
At 31 December 2021 and 31 December 2022	-
	<hr/> <hr/>

The interests in Group undertakings of the Company are listed below:

Name of Undertaking	Country of Registration	Class of Share	Proportion held	Name of business
Lansdowne Celtic Sea Limited	England	Ordinary	100 per cent	Oil and gas exploration
Milesian Oil & Gas Limited	Ireland	Ordinary	100 per cent	Oil and gas exploration

Significant joint operation	Principal activity	Effective Interest	
		%	%
Barryroe Exploration Licence	Hydrocarbon exploration	20	20
Helvick Lease Undertaking	Hydrocarbon exploration	9	9

6. Trade and other receivables	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
<i>Amounts falling due within one year:</i>				
Value added tax and other taxes	2	5	2	5
Prepayments	17	16	17	15
	<hr/>		<hr/>	
	19	21	19	20
	<hr/> <hr/>		<hr/> <hr/>	

Notes to the Financial Statements
For the year ended 31 December 2022

7. Trade and other payables	Group 2022	Group 2021	Company 2022	Company 2021
	£'000	£'000	£'000	£'000
<i>Amounts falling due within one year:</i>				
Trade payables	67	132	67	131
Taxes and social security	3	29	2	29
Accruals	59	116	59	116
	129	277	128	276

8. Shareholder loan - Group and Company

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

	2022 £'000	2021 £'000
<i>Amounts falling due within one year:</i>		
Senior secured loan notes - Issued in 2015 (i)	1,079	1,027
Warrant adjustment – compound instrument (ii)	(100)	-
	979	1,027

(i) A senior secured loan note was issued in 2015 to LC Capital Master Fund Ltd, a related party as outlined in note 19. Currently, the coupon rate is 5% per annum. In December 2022, LC Capital Master Fund Ltd has agreed to extend the term of the loan to 31 December 2023.

(ii) Certain warrants have been issued to the holder of the loan notes, details of which are set out in note 9.

Notes to the Financial Statements
For the year ended 31 December 2022

9. Warrant Reserve

Warrants have been granted as rights to acquire additional new ordinary Shares of £0.001 in accordance with the terms of placings completed in 2022.

The warrants are classified and accounted for as equity.

Group and Company

	Number of Warrants	Fair Value £'000
At 1 January 2022	-	-
Fair value of warrants at grant – issue of warrants	30,821,826	115
At 31 December 2022	30,821,826	115

The total charge to the statement of comprehensive income for the year ended 31 December 2022 was €95,000 (2021: €Nil).

In March 2022, the Group granted warrants in connection with a share placing, 1,821,826 warrants were granted exercisable at £0.005 each with immediate vesting and a contractual life of 21 months. Warrants to subscribe for up to 26,000,000 shares issued in December 2020 which had an exercise price of 1.2p and an expiry date of date of 31 December 2022 were extended to now expire on 31 December 2023. The exercise price has been adjusted again from 0.525p per warrant to 0.5p per warrant. The contractual life is 21 months.

In March 2022, the Group also granted warrants in connection with a share placing. 3,000,000 warrants were granted exercisable at £0.005 each with immediate vesting and a contractual life of 30 months.

10. Provisions

	Asset retirement obligation	Asset retirement obligation
	2022 £'000	2021 £'000
Beginning of year	388	316
Additional charge	124	72
As at 31 December	512	388

This provision relates to the expected cost of abandonment of the Barryroe well at 31st December 2022, discounted to present value. The discount was fully unwound at the end of 2018, however, there has been additional charges in recent years.

Consequent to the correspondence received from DECC on 19 May 2023, the Group no longer expects to be required to fund this obligation. This provision was released in May 2023 (Note 20).

11. Financial risk management

The Group's operations expose it to a variety of financial risks: market risk (including the effects of changes in foreign currency exchange rates, interest rates and commodity prices), credit risk and liquidity risk. The Board approves the use of financial products to manage the Group's exposure to fluctuations in foreign currency exchange rates and interest rates.

(a) Market risk

Foreign exchange risk

Although the Group reports in Sterling, certain transactions are conducted in Euro. Given the low level of business conducted in Euro during the year, foreign exchange rate fluctuations had an immaterial effect on the result for the year.

Interest rate risk

The Group's interest rate risk arises from cash deposits and interest bearing liabilities.

Given the low level of average cash balances held by the Group during the year, a 10 per cent increase or decrease in average interest rates would have had an immaterial effect on the loss for the year.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks. The Group's policy is to deposit cash with banks with an 'A' rating or better where possible. 100 per cent of cash held on deposit at 31 December 2022 was held with such banks.

Other than the allowance for impairment of £211,039 (2021: £435,057) recognised in respect of receivables from its subsidiaries, the Company has no credit risk associated with its other receivables. See note 19 (b).

There are no financial assets which are past due but not impaired at the end of the reporting period.

The maximum credit risk exposure relating to financial assets is represented by carrying values as at the reporting date.

(c) Liquidity risk

The Board regularly reviews rolling cash flow forecasts for the Company and Group.

Work programme obligations related to the Company and Group's licences will be financed by either reducing its equity interest through new participants farming in, by the raising of new capital, through shareholder loans, or a combination of all three.

Based on current forecasts, the Company and Group will need to raise further capital to meet its future obligations. This is reliant upon the assumptions outlined in the Statement of Accounting Policies.

There is no difference between the carrying value and the contractually undiscounted cash flows for financial liabilities. At 31 December 2022, all trade and other payables and shareholder loans were due within one year.

Fair value of non-derivative financial assets and financial liabilities

The Company and Group's financial instruments comprise cash, other receivables and trade payables and shareholder loans due within one year and therefore, management believes that the carrying values of those financial instruments approximate fair value.

Notes to the Financial Statements

For the year ended 31 December 2022

Capital management

The Group defines capital as equity plus shareholder loans.

The Group's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for the shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group regularly reviews its capital structure on the basis of its expected capital requirements in order to achieve the defined strategic objectives and manages its capital accordingly.

12. Share capital – Group and Company

		2022	2021	
Authorised				
933,618,337 ordinary shares at 0.1 pence each		<u>933,618,337</u>	<u>873,618,337</u>	
Issued, called up and fully paid:	Number of Ordinary Shares	Share Capital £'000	Share Premium £'000	Total £'000
At 1 January 2021	873,618,337	11,930	28,284	40,214
At 31 December 2021	873,618,337	11,930	28,284	40,214
At 1 st January 2022	873,618,337	11,930	28,284	40,214
Issued in year	60,000,000	60	240	300
Share issue costs	-	-	(34)	(34)
Share warrant issue costs	-	-	(15)	(15)
At 31 December 2022	933,618,337	11,990	28,475	40,465

In March 2022, the Company placed 60,000,000 new ordinary shares with new and existing investors at a placing price of 0.5 pence per placing share, raising £300,000 before costs. Warrants were also awarded as part of this placing and details of these are outlined in note 9.

Notes to the Financial Statements
For the year ended 31 December 2022

13. Statutory information

	2022 £'000	2021 £'000
<i>The loss for the year stated after (crediting)/charging:</i>		
Foreign exchange losses/(gains)	3	1
Audit Services:		
Fees payable to Group's auditor for the audit of the Company and consolidated financial statements	24	21
Fees payable to the Group's auditor for the audit of Company's subsidiaries pursuant to legislation.	6	6
	<u>6</u>	<u>6</u>

14. Employee costs

Number of employees

The average monthly number of employees
(including executive directors) during the year was:

2022 Number	2021 Number
<u>1</u>	<u>1</u>

	2022 £'000	2021 £'000
Staff costs during the year amounted to:		
Wages and salaries	60	60
Social security costs	9	9
	<u>69</u>	<u>69</u>

Remuneration of the Directors is disclosed in note 19 and within the Remuneration Report on pages 15 and 16.

Notes to the Financial Statements
For the year ended 31 December 2022

15. Share-based payments

Share options

The Company has granted options to current and former Directors under an Employee Share Option Scheme. Details of the grants are shown in the Remuneration Report on pages 16. As at 31 December 2022 all options have lapsed:

Option Exercise Price	Number	Exercisable at 31 Dec '21	Lapsed in 31 Dec '22	Exercisable at 31 Dec '22	Normal Exercise dates	Target variable	Target
36.5p	1,090,000	945,970	(945,970)	-	01/05/2015 to 31/05/2022	Share price	(1)
15p	500,000	500,000	(500,000)	-	01/04/2017 to 24/06/2025	Share price	(2)

(1) The Average share price must reach or exceed a share price which is 30 per cent greater than the exercise price. The target share price is therefore 47.5 pence per share.

(2) The Average share price must reach or exceed a share price which is 30 per cent greater than the exercise price. The target share price is therefore 22.5 pence per share.

The share options may only be exercised within the normal exercise dates as shown above.

The number of further options available for grant under the scheme rules is Nil.

The cost of awards under the share option scheme was recognised over the vesting period of the awards, 2014 to 2017. The shares vested 2014 to 2017 in full. Therefore, there is no share-based payment charge in either 2022 or 2021.

16. Finance costs

	2022 £'000	2021 £'000
Loan interest	51	49
Finance expense on warrants issued	95	-
Total expense	146	49

Notes to the Financial Statements
For the year ended 31 December 2022

17. Income Tax

	2022	2021
	£	£
Current tax charge	-	-
Total income tax credit	-	-

The tax assessed for the year is different from the standard rate of corporation tax in the UK as follows;

	£'000	£'000
Loss before income tax	(364)	(131)
Loss before income tax multiplied by standard rate of tax 19% (2021 :19%)	(69)	(25)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1	2
Losses carried forward	68	23
Total tax credit	-	-

Unrecognised deferred tax assets, in respect of unused losses, amounts to £2.6 million (2021: £2.5 million).

Deferred tax assets have not been recognised because it is not probable that future taxable profits will be available against which the Group can use the benefits therefrom.

18. Capital commitments

The Group has no unprovided contractual commitments for capital expenditure (2021: Nil).

Notes to the Financial Statements
For the year ended 31 December 2022

19. Related party transactions

(a) Transactions with Evelyn Partners

Con Casey is a partner of Evelyn Partners, and he is the company secretary of the Company. The Company has entered into a services agreement with Evelyn Partners pursuant to which Evelyn Partners provides the Group with certain management, accounting, and administrative services required by the Group in connection with its business in consideration of an annual fee totalling £61,500 (2021: £81,500). This agreement can be terminated by Evelyn Partners or by the Company on giving 90 days' notice. The Directors consider the service agreement to be at fair value on an arm's length basis. As at 31 December 2022, the Group owed Evelyn Partners £35,400 (2021: £22,490) under the agreement.

(b) Amounts due by subsidiaries

At 31 December 2022, amounts owed to the Company by its subsidiaries totalled £24.9 million (2021: £24.8 million). These amounts have been provided in full in the Company's financial statements as there is no immediate prospect of repayment. Amounts due to the Company are unsecured, non-interest bearing and have no fixed repayment terms.

(c) Compensation of key management personnel

The Board has determined that the Board of Directors comprise the Group's key management personnel. Their compensation was as follows:

	2022	2021
	£'000	£'000
Short-term benefits	95	95

d) Transactions with LC Capital Master Fund Ltd

The Company has a loan agreement with LC Capital Master Fund Limited, a major shareholder. Warrants were granted to LC Capital Targeted Opportunities Fund. Details of the loan agreement are given in note 8.

e) Directors' shareholdings

Details of directors' shareholdings are given on page 16.

20. Post Balance Sheet events

Share Placing:

In January 2023, the Company placed 60,000,000 new ordinary shares with new and existing investors at a placing price of 0.5 pence per placing share, raising £300,000 before costs.

In association with the Placing, 3,000,000 warrants (Broker Warrants) have been granted to Tavira Financial Limited, with an exercise price of £0.5p per ordinary share. The Broker Warrants are exercisable up until the third anniversary of Admission 1 February 2026.

In connection with the Placing, the Company will also grant a total of 60,000,000 warrants (Investor Warrants) to places participating in the Placing, on a one Investor Warrant per Placing Share basis, to subscribe for new ordinary shares in the Company at a price of £1.0 pence per share. The Investor Warrants will be exercisable until the second anniversary of Admission 1 February 2025. In the event all of the Investor Warrants are exercisable before their expiry, the Company would receive a further £0.6 million in cash.

Notes to the Financial Statements

For the year ended 31 December 2022

Separately, 1,788,000 warrants have been granted to LC Capital Targeted Opportunities Fund, LP(LC) in accordance with the provisions of LC's warrant instrument, the terms of which have been previously announced on 31 December 2021. LC holds 29,609,826 warrants over ordinary shares at a strike price of 0.5 pence per share. In addition, in the event that the Investor Warrants and Broker Warrants are exercised in full prior to the maturity date of the LC warrants, LC will be granted up to an additional 1,877,400 warrants over ordinary shares in accordance with the provisions of LC's warrant instrument.

Lease Undertaking:

On 19 May 2023, Barryroe Offshore Energy received a letter from the Irish Department of the Environment, Climate and Communications ("DECC") advising that Eamon Ryan, Minister for the Environment, Climate and Communications (the "Minister") was unwilling to grant the Lease Undertaking, as sought, on grounds of financial capability. DECC also confirmed in the letter that the application was satisfactory from a technical perspective.

The decision by the Minister not to grant the Lease Undertaking is disappointing not only for the Company, but also other stakeholders, including Ireland, which continues to import significant amounts of oil & gas, something the development of Barryroe could help to address.

Given the lack of progress on the Lease Undertaking, Lansdowne had already commenced discussions with external legal advisors on the potential to pursue legal proceedings to protect its investment in Barryroe, prior to receipt of the letter from DECC.

The Company has now advanced the engagement with external legal counsel and has continued to pursue the steps required to move towards arbitration to protect its investment in the Barryroe Project. These discussions are already well advanced, and the Company believes there is clear evidence of the DECC and the Minister failing to act in a fair and equitable manner with the Barryroe Partners consistent with its obligations under Irish law and also international law. Given Lansdowne is a UK domiciled Company it expects to pursue its claim in international arbitration pursuant to the investment protection regime established under the Energy Charter Treaty to which both the Ireland and the United Kingdom are signatories.

Lansdowne's legal advisors, Ashurst LLP, have initiated arbitration proceedings under the Energy Charter Treaty by submitting a letter giving notice pursuant to Article 26 (2) (c) of the ECT requiring Ireland to participate in discussions with a view to settling the dispute.

Further updates will be made with respect to the legal process as appropriate, along with more information on the claims sought by Lansdowne in this matter.

In light of the above, the Directors have determined that this is a non adjusting event as at 31 December 2022 under the provisions of IAS 10 Event After the Reporting Period. However, the Intangible asset of £16.3 million and related decommissioning provision were written off post year end in May 2023.

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